

SCHEDULES

SCHEDULE 2

THE LOAN CHARGE: CONSEQUENTIAL AMENDMENTS

PART 2

AMENDMENTS IN CONSEQUENCE OF SECTION 16

ITEPA 2003

- 23 ITEPA 2003 is amended as follows.
- 24 (1) Section 554A (application of Chapter 2 of Part 7A: the main case) is amended as follows.
- (2) In subsection (2) after “paragraph 1” insert “or 1A”.
- (3) For subsection (4) substitute—
- “(4) Chapter 2 does not apply by reason of—
- (a) a relevant step taken on or after A’s death if—
- (i) the relevant step is within section 554B, or
- (ii) the relevant step is within section 554C by virtue of subsection (1)(ab) of that section,
- (b) a relevant step within paragraph 1 of Schedule 11 to F(No.2)A 2017 which is treated as being taken on or after A’s death, or
- (c) a relevant step within paragraph 1A of Schedule 11 to F(No.2)A 2017 in a case where the initial step (within the meaning given by sub-paragraph (1)(a) of that paragraph) is treated as being taken on or after A’s death.”
- 25 In section 554Z (interpretation: general) in subsection (10)(d) after “paragraph 1” insert “or 1A”.

F(No.2)A 2017

- 26 Schedule 11 to F(No.2)A 2017 (employment income provided through third parties: loans etc outstanding on 5 April 2019) is amended as follows.
- 27 In paragraph 2 (meaning of “loan”, “quasi-loan” and “approved repayment date”)—
- (a) in sub-paragraph (2), in the words before paragraph (a), for “paragraph 1” substitute “paragraphs 1 and 1A”,
- (b) in sub-paragraph (4) for “paragraph 1” substitute “paragraphs 1 and 1A”, and
- (c) in sub-paragraph (5) for “paragraph 1” substitute “paragraphs 1 and 1A”.

Status: This is the original version (as it was originally enacted).

- 28 In paragraph 3(1) (meaning of “outstanding”: loans) for “paragraph 1” substitute “paragraphs 1 and 1A”.
- 29 In paragraph 4 (when an amount of a loan is outstanding: certain repayments to be disregarded) in sub-paragraph (6) for “the relevant step treated as taken by paragraph 1” substitute “a relevant step treated as taken by paragraph 1 or 1A”.
- 30 In paragraph 5 (meaning of “outstanding”: loans where A or B acquires a right to payment of the loan) in sub-paragraph (2)(b) for “paragraph 1(4)” substitute “paragraphs 1(4) and 1A(5)”.
- 31 In paragraph 7 (meaning of “outstanding”: loans in currencies other than sterling) in sub-paragraph (3) after “relevant step” insert “within paragraph 1”.
- 32 In paragraph 10 (meaning of “outstanding”: loans made in a depreciating currency) in sub-paragraph (1)(b) after “relevant step” insert “within paragraph 1”.
- 33 In paragraph 11(1) (meaning of “outstanding”: quasi-loans) for “paragraph 1” substitute “paragraphs 1 and 1A”.
- 34 In paragraph 12 (certain payments or transfers to be disregarded for the purposes of paragraph 11) in sub-paragraph (5) for “the relevant step treated as taken by paragraph 1” substitute “a relevant step treated as taken by paragraph 1 or 1A”.
- 35 In paragraph 13 (meaning of “outstanding”: quasi-loans where A or B acquires a right to the payment or transfer of assets) in sub-paragraph (2)(b) for “paragraph 1(4)” substitute “paragraphs 1(4) and 1A(5)”.
- 36 In paragraph 15 (meaning of “outstanding”: quasi-loans in currencies other than sterling) in sub-paragraph (3) after “relevant step” insert “within paragraph 1”.
- 37 In paragraph 18 (meaning of “outstanding”: quasi-loans made in a depreciating currency) in sub-paragraph (1)(b) after “relevant step” insert “within paragraph 1”.
- 38 After paragraph 35 insert—

“Exclusion for relevant step within paragraph 1A where initial step excluded

- 35ZA Chapter 2 of Part 7A of ITEPA 2003 does not apply by reason of a relevant step within paragraph 1A if that Chapter does not apply by reason of the initial step (within the meaning given by sub-paragraph (1) (a) of paragraph 1A).”

Social Security (Contributions) Regulations 2001

- 39 (1) The Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) are amended as follows.
- (2) In regulation 22B (amounts to be treated as earnings: Part 7A of ITEPA 2003) in paragraph (3A)(a) after “paragraph 1” insert “or 1A”.
- (3) In regulation 22C (amounts to be treated as earnings paid to or for the benefit of the earner: Schedule 11 to F(No.2)A 2017) in paragraph (1)—
- (a) after “paragraph 1” insert “or 1A”, and
 - (b) after “paragraph 1(2)” insert “or 1A(3) or (4)”.